

Message Text

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17

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FM AMCONSUL JOHANNESBURG

TO SECSTATE WASHDC 4020

INFO AMEMBASSY PRETORIA

C O N F I D E N T I A L JOHANNESBURG 1010

E.O. 11652: GDS

TAGS: TECH, WA, SF

SUBJECT: VISIT TO NAMIBIA BY ERDA REPRESENTATIVE

REF: A) STATE 160812; B) PRETORIA 2578

1. ERDA REPRESENTATIVE ROGER C. MALAN (REFS A AND B) MET WITH CONSUL GENERAL, EMBASSY ECON COUNSELOR AND MINERALS OFFICER IN JOHANNESBURG JULY 17, FOLLOWING MALAN'S JULY 13-16 VISIT TO NAMIBIA. HIGHLIGHTS OF MEETING FOLLOW:

2. WHILE MALAN'S VISIT TO NAMIBIA FOCUSED GENERALLY ON THE ROSSING REGION (REF A), FIELD TRIPS TO URANIUM-BEARING AREAS EXCLUDED THE SPECIFIC ROSSING MINE AND PLANT FACILITIES PPONEX ED IN 1969 BY RIO TINTO MANAGEMENT SERVICES (SA) (PTY) LTD, AND THE GOVERNMENT-CONTROLLED INDUSTRIAL DEVELOPMENT CORPORATION. HE VIEWED ONLY ON-GOING EXPLORATION PROJECTS OF GENERAL MINING AND FINANCE CORP LTD, AND ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LTD. HE AGREED, HOWEVER, THAT THE GEOLOGY OF THE AREAS HE VISITED WAS SIMILAR TO THE "MAIN" ROSSING OCCURRENCE AND THAT, IN CONCURRENCE WITH EARLIER REPORTS, THE "REGION IS UNIQUE AND IMPRESSIVE". HE RE-CONFIRMED THAT THE REGION IS POTENTIALLY EXPLOITABLE ULTIMATELY; GIVEN LARGE-SCALE, HIGHLY MECHANIZED, MINING PLANS (50,000 TONS OF ORE DAILY) AND A MINIMUM URANIUM CONTRACT PRICE OF \$20.00 PER POUND (OR SPOT SALES AT, SAY, \$30.00 PER POUND).

3. GENERAL MINING HOLDS PROSPECTING PERMITS COVERING AN AREA OF 1.0
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MILLION ACRES IN THE ROSSING AREA. THE PERMIT AREA HAS BEEN FLOWN

EXTENSIVELY (AIRBORNE SCINTILLOMETER/RADIOMETRIC/GAMMA SURVEYS), AND MAPPED ANOMALIES ARE NUMEROUS. THE FIRM HAS COMPLETED OVER 1,500 K DRILL HOLES THUS FAR, TO DEPTHS OF ABOUT 500-600 FEET; LARGELY IN ONE IMPORTANT ANOMALY ONLY. ACCORDING TO MALAN, AVERAGE ANALYSES CONFIRM PRELIMINARY REPORTS, AT ABOUT 0.04 PERCENT U3O8 IN THE AREA UNDER STUDY.

4. ANGLO AMERICAN'S ADJOINING PROSPECTING PERMITS COVER A SLIGHTLY SMALLER AREA (0.75 MILLION ACRES), AND LESS IS KNOWN OF THE COMPANY'S HOLDINGS TO DATE. MALAN HELD, HOWEVER, FYAT THE URANIUM'S MODE OF OCCURRENCE AS URANINITE IN CALCRETE (CALICHE), AND FOLLOWING THE EARLIER-PROPOSED "PORPHYRY" GEOLOGIC MODEL, IS SIMILAR AND THAT RADIOACTIVE ANOMALIES "ABOUND THROUGHOUT THE PERMIT AREA". GRADE OF ORE INDICATIONS AGAIN APPEAR TO BE IN THE LOW PLUS-OR-MINUS 0.04 PERCENT U3O8 RANGE.

5. MALAN DECLINED TO ESTIMATE DEVELOPMENT-TO-PRODUCTION TIMEFRAMES FOR EITHER OF THE TWO FIRMS. HE NOTED ONLY THAT GENERAL MINING AND ANGLO AMERICAN ARE BOTH HESITANT TO FORMULATE FINAL MINE/PLANT CONSTRUCTION PLANS AT THE MOMENT; ON COST/PROFIT ECONOMIC GROUNDS EXCLUSIVELY. REPORTEDLY, EACH IS NONETHELESS FURTHERING EXPLORATION AND DEVELOPMENT PROGRAMS IN ORDER TO MOVE DIRECTLY INTO PRODUCTIN "WHEN THE PRICE IS RIGHT AND A GUARANTEED DEMAND WARRANTS CAPITAL EXPENDITURES OF THE MAGNITUDE REQUIRED IN THIS INSTANCE".

6. COMMENT: MALAN'S INTEREST WERE UNDERSTANDABLY LARGELY GEOLOGICALLY ORIENTED, BUT HIS SUMMARY OF THEROSSING REGION EXPLORATION PROJECTS, AND OF THE WORLD URANIUM OUTLOOK GENERALLY, CONFIRM OUR EARLIER VIEWS THAT URANIUM EXPLOITATION ON A MASSIVE SCALE IN THE ROSSING REGION WOULD NOT APPEAR TO BE ON THE IMMEDIATE HORIZON. CLEARLY, HOWEVER, THE REGION IS ONE OF THE WORLD'S IMPORTANT LOW GRADE URANIUM SOURCE AREAS OF THE FUTURE, AND THUS OF SIGNIFICANT USG INTEREST. WE WILL MAKE EVERY EFFORT TO FOLLOW PROGRESS IN THE REGION TO THE EXTENT POSSIBLE. END COMMENT.
GUTHRIE

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